



**Director of
Central
Intelligence**

Top Secret

25X1



OCO
CABLE E. J.

National Intelligence Daily (Cable)

26 October 1982

State Dept. review completed

25X1

Top Secret

CPAS NIDC 82-250C

26 October 1982

Copy

402

Page Denied

25X1

Top Secret

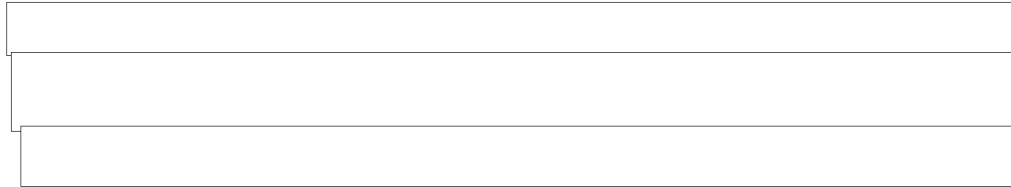


Contents

25X6

USSR: *Hard Currency Position Improves* 1

25X1



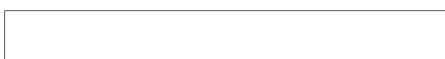
25X1

Libya-China: *Qadhafi's Visit* 5

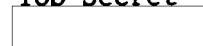


25X1

25X1



Top Secret



25X1

Top Secret

USSR: Hard Currency Position Improves

Strenuous efforts by the USSR since late 1981 to correct its hard currency balance of payments are succeeding, but at substantial cost to the Soviet economy and to some economies in Eastern Europe.

25X1

By increasing oil exports and closely managing imports, Moscow reduced its hard currency trade deficit during the first six months of this year to \$2.2 billion, compared with the \$6 billion deficit during the first half of 1981. Soviet data indicate that hard currency export earnings increased by \$4 billion over the comparable period in 1981, with more than half the rise resulting from a 50-percent increase in the amount of oil sold. Accelerated sales of machinery and equipment to Iraq added \$900 million.

25X1

The volume of grain imports climbed by 4.5 million tons in the first half of 1982, compared with the first half of 1981, but the grain bill was unchanged because of lower grain prices. Western trade data suggest that the volume of chemical and steel imports--other than pipe--dropped, and there was almost no increase in imports of capital goods.

25X1

Comment: Moscow has paid a substantial price for the improvement in its hard currency trade position. The increase in oil exports for hard currency was achieved only by cutting back exports to Eastern Europe and by reducing domestic allocations to industry, transportation, and electric power. The USSR did not buy some of the Western materials and equipment it needed to ease industrial bottlenecks and stimulate productivity.

25X1

The USSR will have difficulty maintaining the recent improvement in its hard currency trade position during the next few years. It will have to maintain oil exports to the West at the recent high level, but oil production has stayed about the same for two years, and requirements for oil continue to rise in the USSR and in Eastern Europe.

25X1

25X1

Top Secret

25X1

Page Denied

Next 2 Page(s) In Document Denied

25X1

Top Secret

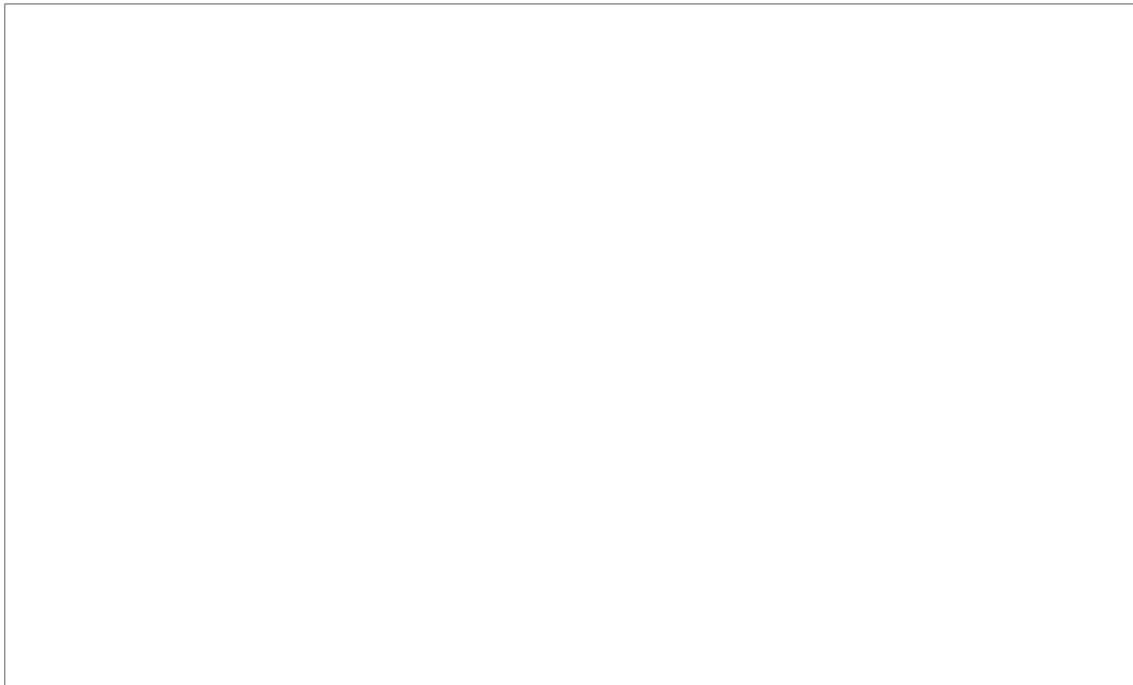
LIBYA-CHINA: Qadhafi's Visit

Libyan leader Qadhafi arrived in Beijing yesterday on his first visit to China. Relations between Libya and China were established in 1978. The Secretary of Libya's General People's Committee--the equivalent of prime minister--visited China in August. [redacted]

25X1

Comment: Qadhafi evidently wants to demonstrate his "nonalignment" to the Third World and to counterbalance his isolation in Arab and African circles. He probably also intends to use the visit as a sign of his unhappiness about the USSR's lack of effective support for the Palestinians in recent months. Chinese officials are likely to believe that too close a relationship with Libya would jeopardize their ties with moderate Arab states. At the same time, they may hope to encourage Tripoli to turn away from Moscow by broadening bilateral relations. [redacted]

25X1



25X1

Top Secret

25X1

Top Secret

Top Secret